

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -DECEMBER 16, 2008- -7:30 P.M.

Mayor Johnson convened the Regular Meeting at 8:11 p.m. Boy Scout Troop 89 led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam and Mayor Johnson - 5.

Absent: None.

REORGANIZATION OF COUNCIL

Installation

(08-531) The Honorable Judge C. Richard Bartalini administered the Oaths of Office to Councilmembers deHaan and Gilmore; City Auditor Kevin Kearney and City Treasurer Kevin Kennedy.

Consideration of Appointment of Vice Mayor

(08-532) Vice Mayor Tam moved approval of appointing Councilmember deHaan as Vice Mayor.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

Comments by Reelected Councilmembers

(08-533) Vice Mayor deHaan, Councilmember Gilmore, the City Auditor, and City Treasurer each made comments and thanked their supporters.

AGENDA CHANGES

None.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

None.

CONSENT CALENDAR

Councilmember Matarrese moved approval of the Consent Calendar.

Councilmember Tam seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*08-534) Minutes of the Regular City Council Meeting held on November 18, 2008; the Special City Council Meeting held on November 25, 2008; the Special Joint City Council and Alameda Reuse and Redevelopment Authority Meeting held on December 2, 2008. Approved.

(*08-535) Ratified bills in the amount of \$2,218,632.51.

(*08-536) Recommendation to accept the Impact Fee Report for Police and Fire services (Fund 161). Accepted.

(*08-537) Recommendation to accept the work of Gallagher & Burk, Inc. for the repair and resurfacing of certain streets, Phase 28, No. P.W. 04-08-12. Accepted.

(*08-538) Recommendation to accept the annual report for the Public Art Fund as required by the Public Art Ordinance. Accepted.

(*08-539) Resolution No. 14291, "Authorizing the City Manager to Enter into a Cooperative Agreement Between the City of Alameda and the State of California Department of Transportation for Funding the Realignment of the Path at the North Side of the Bay Farm Island Bicycle Bridge in the amount of \$40,000." Adopted.

(*08-540) Resolution No. 14292, "Approving an Amendment to the Memorandum of Understanding Between the Alameda City Employees Association and the City of Alameda for the Period Beginning January 1, 2009 and Ending December 31, 2009." Adopted.

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Mayor Johnson called a recess at 8:36 p.m. and reconvened the Regular Meeting at 9:12 p.m.

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CITY MANAGER COMMUNICATIONS

(*08-541) The City Manager and Deputy City Manager discussed federal stimulus funding.

Mayor Johnson stated the U.S. Conference of Mayors is pushing for funding to go directly to cities; Trenton, New Jersey is applying for funding to help convert city buildings into green buildings.

Councilmember Matarrese stated the report is good and comprehensive; requested that the report be posted to the website.

The Deputy City Manager stated the unfunded Community Improvement

Project (CIP) list is extensive.

Vice Mayor deHaan stated the concern is how quickly projects can be implemented; the bidding process and immediate project implementation are important.

The Deputy City Manager stated that she is working with the Public Works Department on the matter.

Councilmember Tam inquired whether the Wilver "Willie" Stargell Avenue Extension Project has funding.

The Assistant City Manager responded the State committed \$4 million; \$9 million is committed from a private match.

The Deputy City Manager stated staff is trying to get additional funding in case the \$9 million does not come through.

The Assistant City Manager stated land acquisition already occurred; the \$9 million in developer contributions is uncertain.

Councilmember Matarrese inquired whether taxpayer money would be used if development businesses are not doing well; further inquired whether something could be extracted if the City bailed out the developer.

The Assistant City Manager responded any money put in by the City comes out on the backside.

Councilmember Matarrese stated the matter should be placed on an agenda.

The Deputy City Manager stated that the City does not know which projects would be eligible for funding.

Mayor Johnson stated stimulating economic activity is the purpose of the stimulus package; the Wilver "Willie" Stargell Extension Project is a critical part of Alameda Landing redevelopment.

Councilmember Tam stated a lot of the projects are for repairs to existing buildings; the Wilver "Willie" Stargell Extension Project is a new, major transportation project; inquired how the \$5 million Harbor Bay Parkway reconstruction project falls in the priority listing.

The City Engineer responded the road is in bad condition but does not have the traffic flow of other parts of the City; stated the portion from Doolittle Drive to Ron Cowan Parkway is being

considered for reconstruction.

Councilmember Tam inquired whether Harbor Bay Parkway is a City roadway and is not shared with the State, to which the City Engineer responded in the affirmative.

Vice Mayor Tam inquired whether the \$5 million Harbor Bay Seawall Project is high priority.

The Deputy City Manager responded the project is submitted through the appropriate process every year; stated the project continues to be a priority.

Mayor Johnson requested an update on the State's budget situation.

The Deputy City Manager stated the State is in bad shape; a \$40 billion deficit is projected through June, 2010; the Governor called an emergency session on December 1; the State budget will be released mid January; a May revise budget will be released; the picture is not pretty.

Mayor Johnson stated inaction would cause problems at the local level.

The Deputy City Manager stated initially, the problem would be with cash flow; payments could be delayed; the situation worsens without solutions.

Vice Mayor deHaan stated the State thought it was over the first hurdle; the City thought there was a balanced budget; the other shoe has not fallen yet.

Mayor Johnson stated the problem is compounded by the State adopting an unbalanced budget.

(08-542) The City Manager provided a brief oral report on the telecom sale; stated residents can call 567-9350 for service.

REGULAR AGENDA ITEMS

None.

ORAL COMMUNICATIONS, NON-AGENDA

(08-543) Eric Otani, M.D., Alameda Hospital Healthcare District, discussed time critical issues for Emergency Medical Response calls; stated minutes matter in certain cases; cardiac arrest and trauma patients need to get to a hospital right away for treatment;

sudden deaths are a big killer in the country; the mortality rate increases 10% per minute.

(08-544) Gretchen Lipow; Alameda, urged Council to immediately dissolve its relationship with D. E. Shaw; stated hedge funds are about to go bust; economics are forecasting a continued downturn in the economy; the City should be very careful not to step into a dark hole.

Mayor Johnson requested an explanation on what would happen if D.E. Shaw failed.

The Assistant City Manager stated D.E. Shaw is funding the project; D.E. Shaw would be in default of the Exclusive Negotiating Agreement (ENA) if funding stopped and the ENA would terminate.

Vice Mayor deHaan stated D.E. Shaw is putting \$10 million into the project; the City will be lucky to get through the first phase; the next phases are uncertain; all developers are going through a sorting out phase; that he is looking forward to getting information on Catellus' status.

Mayor Johnson stated there is good reason for uncertainty; uncertainty is well justified right now.

Vice Mayor deHaan stated the General Fund could lose \$1 million to \$2 million each year if the project does not continue.

The Assistant City Manager stated negotiations would be difficult regarding the developer's capability.

Vice Mayor deHaan stated the matter should be a discussion point as the project moves forward.

Councilmember Tam stated the City does not control funding that the developer receives; the City can control the relationship with the developer; the relationship would be terminated if D.E. Shaw goes bankrupt; the City has protections.

Vice Mayor deHaan stated the City should be aware; the devil is in the details.

Mayor Johnson stated the matter could be placed on an agenda for further discussion; the City would be in the same circumstances no matter who was the developer.

Councilmember Matarrese stated the matter should be placed on the next Alameda Reuse and Redevelopment Authority (ARRA) agenda; that

he would like to address activities related to SunCal and ARRA and the tie to the General Fund.

The Assistant City Manager stated SunCal and ARRA activities have no affect on the General Fund.

Mayor Johnson stated people need to know that the General Fund is not affected by SunCal dealings.

Vice Mayor deHaan stated he is concerned with SunCal's viability to support Alameda Point marketing, maintenance, and funding; marketing decisions need to be made.

The Assistant City Manager stated the matter would be addressed.

(08-545) Bill Smith, Alameda, stated that he would like to see the City lobby for a stimulus package for Public Works' projects.

COUNCIL REFERRALS

(08-546) Public Safety service level update.

Councilmember Matarrese stated Fire Department overtime funding is a concern; requested that the Fire and Police Chiefs and City Manager provide information on current service levels and anticipated changes; stated the purpose of the referral is to: 1) inform the public on the current status of public safety service levels versus the budget; 2) provide Council with the opportunity to give policy direction prior to significant changes in public safety service levels; and 3) prepare for mid-year budget reporting and discussion around future cuts anticipated in 2009 due to continuing economic downturn.

The City Manager stated the intent is to avoid any major adjustments in the current fiscal year; cost control measures have been implemented; the adopted budget includes brown out implementation in order to manage Fire Department overtime; an outside firm is conducting an analysis on Measure P impacts; an outside consultant is conducting an operation and service review for the Fire and Police Departments.

Mayor Johnson stated projections need to be updated in order to determine what needs to be done to keep the budget balanced through the end of this fiscal year.

The City Manager stated the City receives revenue receipts in December; staff is still assuming a \$700,000 revenue deficit; detailed information would be provided at the February mid-year

review.

Mayor Johnson stated Council requested that numbers be attached to the proposed savings for this year; numbers were not provided regarding a hiring freeze; that she is not sure doing a Fire or Police Department hiring freeze is the right thing to do.

Councilmember Matarrese stated response time needs to be discussed; the City wants to provide certain services and needs to provide other services; that he wishes that the Fire and Police Chiefs were at tonight's meeting; the Animal Shelter showed up as a cut item in October; knowing Animal Shelter benefits is important from a public safety versus cost standpoint; seventy-five percent of fire calls are medical; that he is disappointed that a report has not been provided since he submitted his request eleven days ago; current public safety service levels need to be known.

The Interim Finance Director stated the strategy is to end the fiscal year with expenditures at or under revenues and not dip into the fund balance; larger fiscal policy issues need to be addressed; Council can address brown out issues once actual numbers are provided.

Councilmember Matarrese stated that he does not think Council approved brown outs; Council took money from the Golf fund with the hope that Measure P would pass and brown outs would not be necessary; Council was to revisit the issue.

Councilmember Gilmore stated Council discussed taking money from the Golf fund for the Fire Department; everyone agreed that Measure P was a long shot; the budget was adopted with the assumption that brown outs would occur once overtime funds were depleted; brown outs were approved when the budget was adopted; Council needs to discuss how to apply any Measure P revenues.

Mayor Johnson stated that her recollection is similar to Councilmember Gilmore's; additional money was found to fund a fire engine for a longer period of time; that she does not have a problem bringing brown out discussions back to Council; the Fire Chief needs to advise Council on brown out impacts.

Councilmember Gilmore stated the City will get to the point where funds are unavailable for wants and needs; that she is hesitant to suggest revenue enhancements that require a vote of the people; Public Safety comprises two-thirds of the General Fund; the budget gap cannot be closed without affecting Public Safety; other departments have been cut to the bone; the community enjoys a high level of service from all departments; the City needs to be

fiscally responsible.

Mayor Johnson stated the Fire Chief needs to propose ways to maintain twenty-seven suppression positions without using overtime; other alternatives have not been reviewed; staff needs to be very creative and think outside the box; every possibility needs to be reviewed before proposals are made; organizational flattening has been suggested but has not come back for Council discussion.

Vice Mayor deHaan stated Councilmember Matarrese is requesting service level quantifications; response times need to be clarified; comparing service levels with dollars needs to be discussed; drastic steps need to be taken; monumental events have taken place since the budget was adopted.

Mayor Johnson stated the issue needs to be brought back for discussion.

Vice Mayor deHaan stated the timeframe needs to be discussed.

The City Manager stated staff is working on the budget daily and is waiting to receive revenue figures this month.

Vice Mayor deHaan stated that he cannot wait until revenue figures are received; Measure P anticipated bringing in a lot of revenue.

The Interim Finance Director stated the City would not reap Measure P benefits for twenty-four months; the current and next fiscal year budgets need to be bifurcated.

Mayor Johnson stated the Fire Chief needs to advise Council on appropriate service levels.

Councilmember Tam stated Council never assumed Measure P revenue; transparency is needed and revenues need to be known; Alameda does not want to end up like the City of Oakland, which over projected revenues; staff has been working on every changing circumstance; reports would be provided on anticipated Measure P revenues, auto dealership sales tax losses, Other Post Employment Benefits (OPEB) unfunded liability actuarial study, and State Board of Equalization negotiations; the Fire and Police Chiefs provided fiscal sustainability reports; Council may not agree with the findings; the City Manager is commissioning an independent study.

The City Manager stated said information would be provided in February or March.

Councilmember Tam stated Dr. Otani is familiar with triaging at

Alameda Hospital; Alameda is a lot better off than other cities; triage levels need to be identified before dipping into the fund balance.

Mayor Johnson stated the current economic situation is long term; Council needs to discuss long-term changes now; that she does not think a hiring freeze is the best way to deal with a budget shortfall; Council does not want to leave Police Officers off the streets; all supervisory positions are filled.

The Interim Finance Director stated policies would be discussed in January; service and programming decisions cannot be made until costs are known; the goal is to have everything done by June 30, 2009 so that the City has a strategic, sustainable Citywide plan.

Councilmember Matarrese requested that Council consider directing staff to analyze flattening the organization; stated analysis should include eliminating top positions where consolidation and efficiencies could be made at management levels versus individuals delivering services.

The Interim Finance Director stated analysis would include flattening the organization and span of control in relationship to service levels versus line services.

Mayor Johnson stated supervisory and management positions need to be reviewed to ensure that employees in said positions supervise.

Councilmember Tam stated the organization seems very lean in terms of top management; the proposed cost center budget would help in understanding how management positions impact the General Fund; a number of management positions have not been filled.

The City Manager stated structural changes have been made since February because of economic changes; the hiring freeze is not a long-term solution; State and federal funding issues need to be reviewed.

Mayor Johnson requested a more detailed report on how the budget would be balanced through the end of the current fiscal year.

The City Manager stated that a report would be provided outlining mechanisms and generated savings.

Mayor Johnson inquired whether a briefing has been scheduled for PERS issues.

The Interim Finance Director responded that a conference call is

scheduled for tomorrow; stated the 2011-2012 and 2012-2013 period is the worry; the City will be hit with between a 1% and 5% increase if losses are not recovered.

Mayor Johnson stated people need to know how the PERS system works; PERS does not take any risks; PERS sends the City a bigger bill if investment goals are not met; requested a long-term budget forecast.

The Interim Finance Director stated today's market makes it very difficult to do a five-year forecast; a five-year revenue and expense projection could be done once the City gets passed the next six months and service levels are established for the next twenty-four months; now is the time to stay cash rich; that she has been advised that rates will drop 3% to 4% in March or April.

Mayor Johnson stated expenses need to be forecasted.

The Interim Finance Director stated the City would not be able to write a check for unfunded liabilities in one or two years; the City can chip away at unfunded liabilities within sixty months.

Vice Mayor deHaan stated a new, national recovery plan is proposed every week; other cities are closing down one day per week; the City needs to understand all options.

Councilmember Matarrese requested that the Fire and Police Chiefs make a presentation on current service levels and potential cuts before any significant change is proposed for service delivery; stated Council needs to provide policy direction before pulling the trigger.

The City Manager stated staff would discuss plans for next year's budget as well as potential brown outs at the next Council meeting.

Mayor Johnson stated discussion should include flattening the organization also.

The City Manager stated the issue would be part of the policy discussion.

Vice Mayor deHaan stated other options should be presented also.

Mayor Johnson stated staff should be creative; Sunnyvale and Rohnert Park police vehicles are labeled "Police/Fire".

COUNCIL COMMUNICATIONS

None.

ADJOURNMENT

There being no further business, the Regular Meeting was adjourned at 11:08 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA) AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -DECEMBER 16, 2008- -6:00 P.M.

Mayor/Chair Johnson convened the Special Joint Meeting at 6:10 p.m.

ROLL CALL - Present: Councilmembers/Board Members/Commissioners deHaan, Gilmore, Matarrese, Tam, and Mayor/Chair Johnson - 5.

[Note: Councilmember deHaan arrived at 11:09 p.m.]

Absent: None.

The Special Joint Meeting was adjourned to Closed Session to consider:

(08-527 CC/ARRA) Conference with Real Property Negotiators (54956.8); Property: Alameda Point; Negotiating parties: City, ARRA and SunCal; Under negotiations: Price and terms.

(08-528 CC) Conference with Legal Counsel - Existing Litigation (54956.9); Name of cases: Chow v. City of Alameda; Gong v. City of Alameda; Velarde v. City of Alameda; Hurst v. City of Alameda.

(08-529 CC) Conference with Legal Counsel - Anticipated Litigation; Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; Number of cases: One.

(08-55 CIC) Conference with Real Property Negotiators; Property: 1829 Paru Street, Alameda; Negotiating parties: JP Morgan-Chase Bank and CIC; Under negotiations: Price and terms.

(08-530 CC) Conference with Labor Negotiators: Agency Negotiators: Human Resources Director; Employee Organizations: All Bargaining Units.

Mayor/Chair Johnson called a recess at 7:45 p.m. to hold the Regular City Council Meeting and reconvened the Closed session at 11:09 p.m.

Following the Closed Session, the Special Meeting was reconvened

and Mayor/Chair Johnson announced that regarding Alameda Point, Council and the ARRA received a briefing from staff regarding a matter relating to negotiations with SunCal; Council and the ARRA provided direction to staff and agreed to waive a legal conflict regarding SunCal negotiations; regarding Existing Litigation, Council provided direction to Legal Counsel regarding settlement parameters; regarding Anticipated Litigation, Council discussed the claim and two EEOC claims; no action was taken; Council follow up is expected; regarding 1829 Paru Street, the Commission received a briefing from its Real Property Negotiators and gave direction to negotiate the purchase of the affordable unit; and regarding Labor, Council discussed labor negotiations with its Labor Negotiator; Council received a briefing from its Labor Negotiator; no action was taken.

Adjournment

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 11:30 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA), AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -DECEMBER 16, 2008- -7:31 P.M.

Mayor/Chair Johnson convened the Special Meeting at 11:02 p.m.

ROLL CALL - Present: Councilmembers / Authority Members /
Commissioners deHaan, Gilmore,
Matarrese, Tam and Mayor/Chair
Johnson - 5.

Absent: None.

CONSENT CALENDAR

Mayor/Chair Johnson announced that the transmittal of the CIC Annual Report [paragraph no. 08-547 CC/08-56 CIC] was removed from the Consent Calendar for discussion.

Councilmember/Authority Member/Commissioner Matarrese moved approval of the remainder of the Consent Calendar.

Councilmember/Authority Member/Commissioner Tam seconded the motion, which carried by unanimous voice vote - 5.

(08-547 CC/08-56 CIC) Recommendation to authorize the transmittal of the Community Improvement Commission's Annual Report to the State Controller's Office and the City Council and accept the Annual Report.

Councilmember/Commissioner Gilmore stated people have called for independent audit of the City's books; the City gets independently audited every year; the City Auditor is in charge of hiring an outside, independent audit firm; the firm audits all funds, including enterprise and special funds; the audits are available in the City Clerk's office and on the website; compliance reports have to be filed with the State and federal governments; a department head spent a week doing the report, which is generally the job of manager; the organization is so lean; there is front line staff and only rare instances of mid level staff; department heads are doing work which would generally be done by lower level staff; that she was shocked to hear how much time it takes to complete the reports; the work reports prepared a year ago listed said type of work below the line; the focus was on the work that affects the residents and mandated things did not receive discussion.

Councilmember/Commissioner Gilmore moved approval of the staff recommendation.

Councilmember/Commissioner Tam seconded the motion.

Under discussion, Councilmember/Commissioner Tam stated mandated reports are required before the City can receive funding for a lot of its capital projects; funding can be delayed if the reports are not done correctly and on time.

Councilmember/Commissioner Matarrese stated the audits include redevelopment.

On the call for the question, the motion carried by unanimous voice vote - 5.

(08-548 CC/ARRA/08-57 CIC) Recommendation to accept transmittal of the: 1) Auditor's Agreed Upon Procedures Report on compliance with Vehicle Code Section 40200.3 Parking Citation Processing; 2) Agreed Upon Procedures Report on compliance with the Proposition 111 21005-06 Appropriations Limit Increment; 3) Police and Fire Retirement System Pension Plans 1079 and 1092 Audit Report for Fiscal Year ended June 30, 2008; 4) Metropolitan Transportation Commission Grant Programs Financial Statements for Year ended June 30, 2008; 5) Community Improvement Commission Basic Component Unit Financial Statements for the Year ended June 30, 2008; and 6) Alameda Reuse and Redevelopment Authority Basic Component Unit Financial Statements for the Year ended June 30, 2008. Accepted.

(08-549 CC/08-58 CIC) Minutes of the Special Joint City Council, ARRA and CIC Meetings of October 7, 2008 and October 21, 2008. Approved.

AGENDA ITEMS

None.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Meeting at 11:08 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.